

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting October 4, 2011

DATE: September 23, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Director, Capital Development Division
George England, Program Leader, Project Management Group

SUBJECT: Construction of the Small Operator Area Ready Return Area Build-Out Project
(CIP # C100266)

Amount of This Request: \$512,780 **Total Project Cost:** \$837,000

Estimated Taxes \$48,780 **Est. Jobs Created:** 12

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute a contract with the low responsive and responsible bidder for the Small Operator Area (SOA) Ready Return Area Build-Out Project in the amount of \$512,780. Sufficient funds for this contract were previously authorized under the May 13, 2008, Commission authorization to proceed with construction of the Rental Car Facility. The SOA Ready Return Build-Out Project was subsequently authorized for advertisement and award at the May 10, 2011, Commission meeting (CIP #C100266). Commission action is required at this time by Resolution No. 3605, as amended, Section 4.2.3.4. because the bids were greater than 10 percent over the engineer's estimate.

SYNOPSIS:

The Port of Seattle is required under the Rental Car Concession Lease to construct the SOA and recover the cost through lease rent charges to each of the small operators that sign the lease. On August 25, 2011, the Port of Seattle bid the SOA as a Major Public Works project. The engineer's estimate was \$304,274. On September 14, 2011, the Port of Seattle received 4 bids ranging from \$512,780 to \$678,169, see table below. Bids were greater than 10% over the engineer's estimate; therefore, in accordance with Resolution No. 3605, as amended, staff is seeking Commission approval to execute this contract.

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Contractor	Bid
M.D. Moore	\$512,780.00
Skanska, USA Building	\$535,000.00
Bayley Construction	\$567,000.00
Phillips Construction Services	\$678,169.00

Staff analyzed the engineers estimate of \$304,274 and found the following items either were not priced appropriately for the final scope or were not accounted for in the final estimate:

- The customer service kiosks require customization and as a result are more expensive than estimated as off-the-shelf. The estimate was completed before design documents were final.
- The kiosks, security gate assemblies and other access control systems are long lead items. Given the aggressive schedule the estimate did not consider the potential risk.
- The estimate did not consider costs associated with being under the 1999 Project Labor Agreement or higher contractor mark-ups typical of a small project.
- The engineer's estimate did not take into account any costs that may have been included related to the new Port Small Contractor & Supplier (SCS) initiative. The contract had a 6% requirement for SCS firms.
- The successful contractor will be required to comply with the current RCF contractor's safety and security requirements and limited access, laydown and on-site employee parking requirements that may have been perceived as a risk not considered in the estimate.

Based on the reasons stated above, the three lower bidders were within 10.5% of each other, which appears representative of the marketplace, and because all four were above the engineer's estimate, Port staff believes the low bid represents a fair and reasonable price.

BACKGROUND & PROJECT SCOPE OF WORK:

The RCF program provides a long-term solution for rental car company operations at the Airport by centralizing all rental car operations in a single facility located at the north end of the Airport. It will provide operational space for up to three (3) small operator rental car companies to operate at the RCF. As defined the Consolidated Rental Car Facility Lease Agreement: "Small Operator" shall generally mean and refer to an Operator whose market share constitutes less than two percent (2%) of the overall Market Share for rental cars at the Airport and which operates from the Small Operator Area.

The project is designed to accommodate three (3) Small Operators in the new RCF. During the design of the RCF, it was not known how many Small Operators would participate or how large an area would be required to accommodate them. During the contract negotiations with Turner Construction, an area was identified and shown within their contract to accommodate any future Small Operators. Design and construction of this SOA was not in Turner's contract. Aviation

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Business Development now has better information on the number and space needs of potential Small Operators.

Initially, the project was scoped and estimated to be constructed by Port Construction Services and a small works contractor. After further design parameters and cost estimates were finalized, the construction cost estimates were close to exceeding the allowable state small works limits. Staff made the decision to bid the SOA as a major works project due to this concern. The SOA project was advertised as a major construction contract.

ALTERNATIVES CONSIDERED:

Award Contract: Based upon our technical analysis of the factors which affected the bid prices and the consistency of high bids across all the bidders, Port staff believes this bid price from MD Moore is fair and reasonable. Staff recommends the Commission authorize for contract award.

Port Construction Services (PCS) Constructs: Staff evaluated going back to the original plan of having PCS construct this project. Due to the magnitude of the estimate exceeding small works dollar limits, the limited amount of work Port crews could perform, the schedule impact to get PCS re-engaged and prepared to construct, the long lead items schedules and cost of the customize booths there is insufficient time for PCS to meet the required completion date. This alternative is not recommended.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- May 13, 2008, Commission authorized to proceed with construction of the RCF. The scope and budget for the SOA was within this authorization.
- May 10, 2011, Commission authorization for the Chief Executive Officer to advertise for bids, execute, and award major construction contracts and perform contract administration for the SOA project as part of the RCF program at Airport.